



DRAFT ANNUAL BUDGET OF **KAMIESBERG** **MUNICIPALITY**

**2014/15 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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Abbreviations and Acronyms

AMR Automated Meter Reading
 CFO Chief Financial Officer
 CPI Consumer Price Index
 DBSA Development Bank of South Africa
 DoRA Division of Revenue Act
 DWA Department of Water Affairs
 EE Employment Equity
 FBS Free basic services
 GDP Gross domestic product
 GFS Government Financial Statistics
 GRAP General Recognised Accounting Practice
 HR Human Resources
 IDP Integrated Development Plan
 IT Information Technology
 kℓ kilolitre
 km kilometre
 KPA Key Performance Area
 KPI Key Performance Indicator
 kWh kilowatt
 ℓ litre
 LED Local Economic Development
 MFMA Municipal Financial Management Act

Programme
 MIG Municipal Infrastructure Grant
 MM Municipal Manager
 MPRA Municipal Properties Rates Act
 MSA Municipal Systems Act
 MTEF Medium-term Expenditure Framework
 MTREF Medium-term Revenue and Expenditure Framework
 NERSA National Electricity Regulator South Africa
 NGO Non-Governmental organisations
 NKPIs National Key Performance Indicators
 PMS Performance Management System
 PPE Property Plant and Equipment
 PPP Public Private Partnership
 SALGA South African Local Government Association
 SDBIP Service Delivery Budget Implementation Plan
 SMME Small Micro and Medium Enterprises

Part 1 – Annual Budget

Mayor's Report

Agbare Raadslede, Munisipale Amptenare, Departemente, lede van die Publiek dit verskaf my groot genot om die 2018/19 Munisipale Begroting aan u voor te hou.

Die Begroting is 'n Finansiële vooruitskatting van inkomste en uitgawes van die Munisipaliteit. Ek bied hierdie Begroting op die agtergrond van vele prestasies in 2017/18 Finansiële jaar.

Dit is die moeite werd om te noem dat die Munisipaliteit al die basiese dienste kan lewer aan die gemeenskap. Ons voorsien 'n gemiddeld van 10500 hulpbehoewendes met gratis basiese water, elektrisiteit, gesubsidieerde vullisverwydering en sanitasie.

Ek bied die volgende Begroting items. Die begrote inkomste van 2018/19 beloop R54 362 000 en Uitgawes beloop R59 968 000. Dit laat ons dus met 'n verlies van R5 606 000 op wat kontant gestu word deur die kontant reserwes van die Munisipaliteit. Voorsiening word ook getref vir R 3 685 732 vir hulpbehoewende subsidies.

Sleutel Begrote Uitgawe Items

- Begrote uitgawes vir 2017/18 Finansiële jaar is gebaseer op die werklike uitgawes tot Maart 2018 en vooruitskattings vir die res van die Finansiële jaar. Sommige items is begroot op 'n Nul-basis.
- Die grootste byvoegings tot die uitgawe begroting van R 59 968 000 is personeel onkoste van R 17 800 000, Groot maat dienste van R 15 400 000 en operasionele uitgawes van R 15 037 000.

Kapitale Uitgawes

Die totale Kapitale Begroting vir 2018/19 beloop R20 145 000.
Die volgende projek gaan gesubsidieer word:

- Hondeklipbaai grootmaat water voorsiening
- Opgradering van Klipfontein en Kheis ontsoutings aanlegte
- Ontwikkeling van sport staduim
- Rooifontein grootmaat water voorsiening
- Plaveisel van Garies strate
- Hondeklipbaai elektriese infrastruktuur

Financial Management Grant (FMG)

Nasionale Tesourie het R2 415 000 toegeken vir die verbetering van die Finansiële bestuur hervormings in die Munisipaliteite waarvan die grootste gedeelte aangewend word vir die aanstelling van Interns en kapasitering van werknemers.

Dienste Tariewe

Munisipaliteite moet streef om te verseker dat inkomste vooruitskattings akkuraat, realisties en versamelbaar is. Die voorgeskrewe groei deur die Nasionale Tesourie vir 2018/19 is gebruik as 'n basis om te bly binne die Inflasie en ekonomiese tendense.

Alle tariewe vir lewering van dienste word verhoog met 'n gemiddeld van 6.0%, dit sluit in water, vullisverwydering en riolering. Die tariewe van elektrisiteit verhoog met 6.84% soos per NERSA riglyne.

Gratis Basiese Dienste

Registreerde houshoudings met 'n bruto inkomste van nie meer as R 4 200 per huishouding per maand kwalifiseer vir subsidie op dienste. Hulle kry 2 kiloliter water, gratis water beskikbaarheid, 50 kwh elektrisiteit en gratis vullisverwydering en 50% gesubsidieerde riool dienste.

Council Resolutions

On 23rd March 2018 the Council of Kamiesberg Local Municipality met in the Council Chambers of Kamiesberg Municipality to consider the Draft Annual Budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. The Council of Kamiesberg Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The draft annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification).
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote).
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type).
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
2. The Council of Kamiesberg Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:
 - 2.1. the tariffs for property rates
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for the supply of water
 - 2.4. the tariffs for sanitation services
 - 2.5. the tariffs for solid waste services
 - 2.6. sundry income
3. The Council of Kamiesberg Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for other services.

Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 89 and 91 were used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The implementation of MSCOA.
- High indigent rate
- Low revenue base
- Liabilities exceed the assets
- Aging of water, sewerage, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continues to exceed consumer inflation.
- Operating with an old fleet which is putting pressure on the repairs and maintenance budget.
- The municipality is grant dependant
- The vastness of the municipal jurisdiction also attributes to the increase in direct and indirect cost to provide services to remote communities.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

R thousands	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Operating Revenue	52 220	54 362	58 459
Total Operating Expenditure	63 261	59 968	65 854
Surplus/(Deficit) for the year	(11 041)	(5 606)	(4 338)
Total Capital Expenditure	16 601	20 145	8 166

Total operating revenue has increased by R2 142 000 million for the 2018/19 financial year when compared to the 2017/18 Budget it can be attributed to a 9.6% increase.

Total operating expenditure for the 2018/19 financial year has been appropriated at R54 362 000 million and translates into a budgeted deficit of R5 606 000 million which consist mainly of the non-cash items such as depreciation and debt impairment.

The capital budget of R20 145 000 million for 2018/19 has increase with R3 544 000

compared to the 2017/18 Budget.

Operating Revenue Framework

For Kamiesberg Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 65 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC064 Kamiesberg - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Re f	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
<i>Governance and administration</i>		31 796 (1 896)	33 768 (1 755)	135 291 (1 930)	45 923	45 923	45 923	36 642	39 657	42 529
Executive and council					-	-	-	-	-	-
Finance and administration		33 692	35 523	137 221	45 923	45 923	45 923	36 642	39 657	42 529
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		140	6	776	804	804	804	551	190	201
Community and social services		11	6	631	792	792	792	181	190	201
Sport and recreation		129	-	145	12	12	12	370	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 157	1 052	612	1 011	1 011	1 011	1 000	-	-
Planning and development		273	168	133	1 000	1 000	1 000	-	-	-
Road transport		884	884	479	11	11	11	000	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		12 864	14 158	14 700	16 083	16 083	16 083	32 314	26 777	30 034
Energy sources		5 171	4 701	6 794	7 970	7 970	7 970	9 545	9 449	12 012
Water management		4 343	6 251	4 509	4 470	4 470	4 470	18 711	13 051	13 510
Waste water management		1 407	1 267	1 519	1 650	1 650	1 650	1 727	1 820	1 920
Waste management		1 943	1 938	1 878	1 993	1 993	1 993	2 331	2 457	2 592
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	45 957	48 984	151 379	63 821	63 821	63 821	74 507	66 624	72 764

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Plans are in place to address the lack of revenue collected and improve the collection rate. The increase in outer years can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. There is an urgent need to review the tariffs on services to reflect an effective and market related tariff that is sustainable.

Table 3 Operating Transfers and Grant Receipts

NC064 Kamiesberg - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
-										
<u>Operating Transfers and Grants</u>					20	20	20	24	25	28
National Government:		-	-	-	185	185	185	883	385	118
Local Government Equitable Share					18	18	18	20	22	24
Finance Management					175	175	175	768	505	106
Integrated National Electrification Programme					2	2	2	2	2	3
EPWP Incentive					010	010	010	415	880	312
								700	-	700
								1		
								000		
Total Operating Transfers and Grants	5	-	-	-	20	20	20	24	25	28
					185	185	185	883	385	118
<u>Capital Transfers and Grants</u>										
National Government:		-	-	-	11	16	16	17	7	7
Municipal Infrastructure Grant (MIG)					601	601	601	867	553	707
Water Services Operating Subsidy					7	12	12	11	7	7
					601	601	601	867	553	707
					4	4	4	6		
					000	000	000	000		
Total Capital Transfers and Grants	5	-	-	-	11	16	16	17	7	7
					601	601	601	867	553	707
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	31	36	36	42	32	35
					786	786	786	750	938	825

It is planned that tariffs will be reviewed in every budget process as tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised, local economic conditions, input costs and the affordability of services will be taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the

Municipalities has undertaken the tariff setting process relating to service charges as follows.

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).

Table 4 Comparison of proposed rates to be levied for the 2017/18 financial year

<i>Category</i>	<i>Current tariff (1 July 2017)</i>	<i>Proposed tariff (1 July 2018)</i>
Residential Properties	0.014305808	0.015164156
Business & Commercial	0.021458712	0.022746235
State owned properties	0.03576452	0.037910391
Agriculture	0.000600778	0.000636825
Mining activities	0.03576452	0.037910391
Multipurpose propoerty	0.014305808	0.015164156

Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Kamiesberg Municipality carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6.4 per cent from 1 July 2017 for water is proposed. This is based on circular 86 issued by National Treasury.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

<i>Category Residential</i>	<i>Current tariff (1 July 2017)</i>	<i>Proposed tariff (1 July 2018)</i>
0-2kl	Free	Free
2-10kl	11.54	12.24
10-20kl	14.85	15.74
20-30kl	26.39	27.98
30kl+	37.94	40.22

<i>Category Commercial</i>	<i>Current tariff (1 July 2017)</i>	<i>Proposed tariff (1 July 2018)</i>
0-10kl	11.54	12.24
10-20kl	14.85	15.74
20-30kl	26.39	27.98
30kl+	37.94	40.22

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.32 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by 6.84 per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

Currently electricity is operating at a deficit. The Municipality will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the

medium to long-term. The main contributor to this deficit is distribution losses. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of electricity be undertaken, and that this include investigating alternative service delivery models.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the Municipalities electricity network has become a strategic priority, especially the substations and transmission lines.

Sanitation and Impact of Tariff Increases

A tariff increase of 6.4 per cent for sanitation from 1 July 2018 is proposed. This is based on the input cost assumptions related to water. The following factors contribute to the proposed tariff increase:

- Free sewerage (50 per cent) will be applicable to registered indigents; and

The following table compares the current and proposed tariffs:

Table 6 Comparison between current sanitation charges and increases

<i>Category</i>	<i>Current tariff (1 July 2017)</i>	<i>Proposed tariff (1 July 2018)</i>
Residential	177.39	188.05
Churches	177.39	188.05
Business	191.70	203.20
High Volume users	383.40	406.40
Drain per pull	196.71	208.51
Hospital /Schools/Hostel	383.39	406.40

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus. A 6.0 per cent increase in the waste removal tariff is proposed from 1 July 2018. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 7 Comparison between current waste removal fees and increases

Category	Current tariff (1 July 2017)	Proposed tariff (1 July 2018)
Residential	71.53	75.84
Business	133.04	141.04
Hospital /Schools/Hostel	133.04	141.04

Operating Expenditure Framework

The Municipalities expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) ;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Expenditure - Functional										
Governance and administration	29	28	31	35	35	35	44	46	48	
Executive and council	530	244	236	203	203	203	763	680	712	
Finance and administration	3	3	4	5	5	5	2	2	2	
Internal audit	585	791	242	200	200	200	597	750	908	
Community and public safety	25	24	26	30	30	30	42	43	45	
Community and social services	945	453	994	003	003	003	166	930	804	
Sport and recreation	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	2	2	2	-	-	-	
Housing	266	-	-	339	339	339	45	48	51	
Health	-	-	-	2	2	2	-	-	-	
Economic and environmental services	186	-	-	339	339	339	45	48	51	
Planning and development	80	-	-	-	-	-	-	-	-	
Road transport	-	-	-	-	-	-	-	-	-	
Environmental protection	-	-	-	-	-	-	-	-	-	
Trading services	-	-	-	-	-	-	-	-	-	
	3	4	6	4	4	4	-	-	-	
	546	954	393	753	753	753	540	572	607	
	897	766	531	265	265	265	285	302	320	
	2	4	4	2	2	2	2	2	2	
	649	188	862	488	488	488	255	270	287	
	-	-	-	-	-	-	-	-	-	
	20	23	35	20	20	20	14	15	16	
	346	064	268	966	966	966	620	497	485	

Energy sources	12	15	26	13	13	13	13	14	15
	299	077	396	572	572	572	629	447	370
Water management	3	2	3	3	3	3	826	875	929
	069	708	974	303	303	303			
Waste water management	70	70	-	85	85	85	165	175	185
	4	5	4	4	4	4			
Waste management	909	210	899	006	006	006	-	-	-
Other	4	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	53	56	63	63	63	59	62	65
	688	262	897	261	261	261	968	797	854

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipalities budget.

Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R8 923 000 million for the 2018/19 financial year. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The transfer of Koinaas Town will result in the depreciation to increase substantially.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures exclude distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This is mainly made up of bulk purchases of R 15 400 000, employee related cost R 17 800 000 and general expenditure of R 15 400 000.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipalities Indigent Policy. This process is reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. An amount of R 3 685 732.70 have been budgeted for free basic services.

Capital expenditure

For 2018/19 an amount of R20 145 000 has been appropriated for the development of infrastructure on the capital budget especially water infrastructure and sport grounds

NC064 Kamiesberg - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	R ef	2014/1 5	2015/1 6	2016/1 7	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audite d Outco me	Audite d Outco me	Audite d Outco me	Origina l Budget	Adjust ed Budget	Full Year Foreca st	Pre- audit outco me	Budget Year 2018/1 9	Budget Year +1 2019/2 0	Budget Year +2 2020/2 1
Capital expenditure - Vote	2										
Multi-year expenditure, to be appropriated											
Vote 1 - EXECUTIVE COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - SPORT AND RECREATION		-	-	-	-	-	-	-	4 370	-	-
Vote 5 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - WATER		-	-	-	-	-	-	-	13 937	8 019	8 201
Vote 7 - ELECTRICITY		-	-	-	-	-	-	-	838	147	2 075
Vote 8 - ECONOMIC AND SOCIAL DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - TECHNICAL AND ROADS		-	-	-	-	-	-	-	1 000	-	-
Vote 10 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	20 145	8 166	10 276
Total Capital Expenditure - Vote		9 093	9 766	12 442	11 601	11 601	11 601	-	20 145	8 166	10 276

Part 2 – Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee is incorporated in the Financial Steering Committee and consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipalities IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2017. Key dates applicable to the process were:

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
1	Jul 2017	Signing of 2017/18 performance contracts for Section 56 Managers.	Office of the MM	Municipal Manager	MFMA S53(1)(c)(iii)	31 July 2017	
2		Final Section 56 Managers 2016/17 Performance Assessments	MM	Municipal Manager Mayor	MSA and MFMA	31 July 2017	
3	Aug 2017	Tabling of and briefing Council on the 2018/19 IDP/Budget Process Plan for approval, including time schedules for IDP/Budget Public participation meetings.	IDP Office/BTO	Chief Financial Officer	MFMA S21(1)(b)	23 August 2017	
4	Sep 2017	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website	IDP Office	Municipal Manager	MSA and MFMA	15 September 2017	
5	Oct 2017	Ward Committee Meetings: Discuss, scrutinise community needs as outcome of IDP/Budget public engagement. Escalate community needs relating national/ provincial mandates to relevant organ(s) of state	IDP Office	IDP Office	MSA	09 – 13 October 2017	
6		Submit Bulk Resource documentation	BTO	CFO	Internal Process	30 October 2017	

		electricity (NERSA)) for consultation on municipal tariffs for 2018/19 and the two outer Budget years.					
7		Submit Quarterly Report (July 2017 – September 2017) on implementation of budget and financial state of affairs to Council	Office of the MM	Mayor	MFMA S52(d)	27 October 2017	
8	Nov 2017	Managers Identify/Create Projects as outcome of the prioritisation of development needs during IDP public engagements sessions within projected budget allocations.	All Departments	Project Manager	MSA	30 November 2017	
9	Jan 2018	Request and/ or follow-up with NERSA/ other Bulk Service providers for feedback on proposed municipal 2018/19 tariffs and engagement documentation submitted in October 2017	BTO	CFO	MFMA	24 January 2018	
10		Tabling of 2017/18 Mid-Year Assessment	Office of the MM	Municipal Manager CFO	MFMA S72	25 January 2018	
11		Submit Quarterly Report (Oct 2017 – Dec 2017) on implementation of budget and financial state of affairs to Council. Consider combining with MFMA S. 72 mid-year performance assessment.	Office of the MM	Mayor	MFMA S52(d)	31 January 2018	
12		Tabling of 2016/17 Annual Report to Council	Office of the MM	Municipal Manager	MFMA S127(2)	25 January 2018	
13	Feb 2018	Submit Annual Report to Provincial Treasury and COGTA	Office of the MM	Municipal Manager	MFMA S(127)(5)(b)	09 February 2018	
14		Ward Committee	IDP Office	IDP office	Internal	05 – 16	

		Meetings: Discuss and brief Ward Committees on Council's revised strategic plan, Strategic Objectives and envisaged deliverables.			Process	February 2018	
15		Review tariffs and charges and determine affordable tariffs and finalise income budget.	BTO	CFO	MFMA s20	28 February 2018	
16		Midyear budget engagements	BTO	CFO	MFMA S127	12-23 February 2018	
17		Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget, e.g. Grant Allocations	Office of the MM BTO	Municipal Manager CFO	MFMA21(2)(c)	19– 28 February 2018	
18		Adjustment Budget: Finalise Capital and Operational budget projections for 2016/2017	BTO	CFO	MBRR 21	22 February 2018	
19		Review all budget related policies	BTO	CFO	MBRR 7	19 – 23 March 2018	
20	Mar 2018	Draft IDP, Budget and proposed tariffs with Council Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office BTO	IDP Office CFO	Internal Process	30 March 2018	
21		Publication of approved Draft Budget after approval per MSA and on municipal website	BTO	CFO	MBRR 26	30 March 2018	
22		Council to Consider and adopt an oversight report on 2016/17 Annual Report	Office of the MM	Municipal Manager	MFMA S129(1)	30 March 2018	
23		Advertise & Inviting public comments on Draft Budget,	Corporate Services BTO	Director Corporate Services CFO	MBRR S15 MFMA S22	2 – 30 April 2018	

	April 2018	Proposed Tariffs, and IDP Place copies of Draft Budget and IDP at all municipal buildings.					
24		Forward Copy of preliminary approved Budget ,IDP, SDBIP & related documents (hard and electronic copies) to National & Provincial Treasury – 10 working days after tabling	Office of the MM	CFO IDP Manager	MFMA S22(b)	6 April 2018	
25		Attend District IDP Managers Forum-Present Draft IDP for input.	IDP Office	IDP Manager	Internal Process	12 April 2018	
26		Public Consultation Meetings: Feedback / Consultation on preliminary approved IDP & Budget (Details as per Annexure A)	Office of the MM	Municipal Manager Directors	MBRR S15 MFMA S23	09 – 27 April 2018	
27		Engagement with the Provincial Treasury on draft budget benchmark	Office of the MM	Municipal Manager	MFMA Ch 5	12 April 2018	
28		IDP office analyse public and Ward Committee comments and inputs on Draft IDP and Budget and prepare recommendations for Council's perusal	Corporate Services BTO	IDP office	MBRR S16(1)(a)	27 April 2018	
29		Submit Quarterly Report (Jan 2018 – Mar 2018) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA s52(d)	7 April 2017	
30	May 2018	Table final IDP, budget & related documents to Council for approval.	Office of the MM	Municipal Manager	MFMA S24(1)	31 May 2018	
31	June 2018	Inform local community on approved IDP and Budget Detail – Copies at Libraries	Office of the MM	Municipal Manager	MBRR S18	8 June 2018	

32		Send copy of approved Budget, IDP, & related documents (incl. final draft SDBIP) to National and Provincial Governments and other stakeholders Ensure Signed Quality Certificate as per S5 of MBRR is also attached.	IDP Office BTO	CFO IDP Manager	MFMA S24(3)	8 June 2018	
33		Publication of Approved Budget and IDP within 10 workings days on Municipal Website	BTO IDP Office	CFO IDP Manager	MFMA S75(1)(a)	15 June 2018	
34		Submit draft SDBIP to Mayor within 14 days after approval of budget	Office of the MM	Municipal Manager	MFMA S69(3)(a)	15 June 2018	
35		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copy to NT and PT	Mayor's Office	Mayor	MFMA S(53)(1)(c)(ii)	29 June 2018	

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development

planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipalities IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The IDP revision process is underway the public participation process has been concluded and needs have been identified by the community members. As soon as the IDP has been completed the compilation of the SDBIP will take place.

The Final Budget of the Municipality is aligned with the IDP and SDBIP, currently it is only the capital projects that are stated as funded in the IDP that are aligned to the Capital Budget as per A5 of the schedules. Most of the projects as mentioned in the IDP are funded by donor departments therefore it won't form part of the budget of the municipality.

Overview of budget related-policies

Draft policies have been reviewed and tabled with the draft budget. The following have been tabled: Indigent and Tariff Policies. The policies as mentioned is those policies that were amended to accommodate the tariff increases as well as the upward shifting on the amounts to qualify for an indigent.

Overview of budget assumptions**External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipalities finances.

General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit

derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

The *Salary and Wage Collective Agreement* for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation; therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budgeted Cash Flows

Description		R ef	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		1	2 430	2 008	3 387	8 237	8 237	8 237	8 237	8 382	8 885	9 418
Service charges			6 262	10 554	10 664	15 246	15 246	15 246	7 498	18 364	19 480	20 675
Other revenue			1 636	1 995	35 749	1 029	1 029	1 029	29 287	329	358	366
Government - operating		1	17 963	15 057	22 167	23 498	23 498	23 498	16 981	23 183	25 385	27 418
Government - capital		1	9 129	7 960	8 406				9 182	-	-	-
Interest			141	141	885	5 034	5 034	5 034	7	4 104	4 351	4 611
Dividends										-	-	-
Payments												
Suppliers and employees			(26 920)	(26 365)	(61 490)	(52 821)	(52 821)	(52 821)	(59 336)	(46 491)	(49 307)	(79 349)
Finance charges			(679)	(2 358)	(1 955)	(172)	(172)	(172)	(38)	(212)	(224)	(239)
Transfers and Grants		1	(1 623)						(6 385)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			8 339	8 992	17 813	51	51	51	5 433	7 659	8 928	(17 100)
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			52	1 103						-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (Increase) other non-current receivables										-	-	-
Decrease (Increase) in non-current investments										-	-	-
Payments												
Capital assets			(9 092)	(10 489)	(10 155)					-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES			(9 040)	(9 386)	(10 155)	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			274	541						-	-	-
Borrowing long term/refinancing										-	-	-

Cash Backed Reserves/Accumulated Surplus Reconciliation

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

The Kamiesberg Municipality do have an external investment of R 10 000 00 as a cash back reserve as well as consumer debtors contribute towards a cash funded budget.

[illegible]

Cash and investments available:		865	571	7 983	10 571	10 571	10 571	(305)	463	301	740
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	37 318	38 080	7 392	9 294	9 294	10 010	-	14 613	2 990	(3) 385)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	(7 985)	(6 932)	(5 820)
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		37 318	38 080	7 392	9 294	9 294	10 010	-	6 628	(3) 942)	(9) 205)
Surplus(shortfall)		(36 453)	(37 509)	591	1 277	1 277	561	(305)	1 835	11 243	15 945

Contracts having future budgetary implications

In terms of the Municipalities Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

NC064 Kamiesberg - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Mubeko	Yrs	3	Annual Financial Statements	01 July 2018	
Ignite	Yrs	3	Performance Management System	01 July 2018	
Tgis	Yrs	3	Records Manamnet System		
Business Connexion	Yrs		Accounting system		
Bidvest	Yrs	3	Fleet Managment	01 July 2017	

Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

NC064 Kamiesberg - Supporting Table SA1 Supporting detail to
'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		6 293	5 747	5 812	8 237	8 237	8 237		8 382	8 885	9 418
Net Property Rates		293 ⁶	747 ⁵	812 ⁵	237 ⁸	8 237	8 237	–	8 382	8 885	9 418
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue less Revenue Foregone (in excess of 50 kwh per indigent household per month) less Cost of Free Basis Services (50 kwh per indigent household per month)		3 074	3 296	6 450	7 571	7 571	7 571		9 874	9 302	9 937
					678	678					
		–	–	–	–	–	–		1 167	1 237	1 299
Net Service charges - electricity revenue		074 ³	296 ³	450 ⁶	893 ⁶	6 893	7 571	–	8 707	8 065	8 638
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue less Revenue Foregone (in excess of 6 kilolitres per indigent household per month) less Cost of Free Basis Services (6 kilolitres per indigent household per month)		3 793	2 838	3 817	3 723	3 723	3 723		6 047	5 032	5 309
					572	572					
		–	–	–	–	–	–		1 273	1 349	1 417
Net Service charges - water revenue		793 ³	838 ²	817 ³	151 ³	3 151	3 723	–	4 774	3 683	3 892
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue less Revenue Foregone (in excess of free sanitation service to indigent households) less Cost of Free Basis Services (free sanitation service to indigent households)		1 289	1 148	1 418	1 470	1 470	1 470		2 035	1 820	1 920
					144	144					
		–	–	–	–	–	–		308	326	343
Net Service charges - sanitation revenue		289 ¹	148 ¹	418 ¹	326 ¹	1 326	1 470	–	1 727	1 494	1 577

Service charges - refuse revenue	6										
Total refuse removal revenue		1	1	1	1	1 621	1 621		3 269	2 457	2 592
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)					526	526					
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-		938	994	1 044
Net Service charges - refuse revenue		1	1	1	1	1 095	1 621	-	2 331	1 463	1 548
Other Revenue by source											
Fuel Levy		842	1	4	860	860	860				
Other Revenue									145	164	161
Total 'Other' Revenue	1	842	1	4	860	860	860	-	145	164	161
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	16	17	20	25	25 014	25 014		17 800	18 897	20 065
sub-total	5	16	17	20	25	25 014	25 014	-	17 800	18 897	20 065
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	16	17	20	25	25 014	25 014	-	17 800	18 897	20 065
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		9	11	14	8	8 923	8 923		8 923	8 923	8 923
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	9	11	14	8	8 923	8 923	-	8 923	8 923	8 923
Bulk purchases											
Electricity Bulk Purchases		4	8	10	12	12 182	12 182		13 209	14 002	14 898
Water Bulk Purchases									331	351	373
Total bulk purchases	1	4	8	10	12	12 182	12 182	-	13 540	14 353	15 271
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
List services provided by contract		647	2	4	2	2 652	2 652		3 225	3 418	3 623
sub-total	1	647	2	4	2	2 652	2 652	-	3 225	3 418	3 623

Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services	647	690 ²	701 ⁴	652 ²	2 652	2 652	–	3 225	3 418	3 623	
Other Expenditure By Type	-										
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees											
General expenses	3	558 ⁵	154 ⁴	867 ⁴	736 ⁵	5 736	5 736	7 469	7 917	8 392	
List Other Expenditure by Type											
Total 'Other' Expenditure	1	558 ⁵	154 ⁴	867 ⁴	736 ⁵	5 736	5 736	–	7 469	7 917	8 392
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure								1 860	1 972	2 090	
Total Repairs and Maintenance Expenditure	9	–	–	–	–	–	–	–	1 860	1 972	2 090

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Municipality forms part of the shared service model with the District Municipality for an Audit Committee.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipalities internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Municipal manager's quality certificate

I Rufus Cormarco Beukes, municipal manager of Kamiesberg Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Kamiesberg Local Municipality (NC064)

Signature _____

Date _____